

# ANTI-CORRUPTION POLICY

**Tarkett counts on each of its directors and employees to demonstrate, by his/her own conduct, Tarkett Group's commitment in complying with anti-corruption rules.**

**Tarkett commitment:** As a worldwide leader in providing innovative flooring and sport surfaces solutions, member of the Global Compact, and pursuant to the principles listed in section four of its Code of Ethics, Tarkett is committed to conduct its business legally, with integrity and transparency and does not tolerate any form of bribery or corruption.

The fight against corruption is an essential part of this commitment. For this reason, an anti-corruption policy is set up in order to detail the obligation to follow the anti-corruption rules and laws.

**Policy objective:** To guide all Tarkett Group employees in their daily practice, by supplying the necessary practical knowledge to detect and prevent corrupt practices, and to know how to act in compliance with anti-corruption laws, through an overview of the most important rules to ensure a corruption-free business.

**Policy applicability:** To Tarkett employees and directors at all levels, in all businesses and countries, directly or indirectly involved in activities likely to give rise to corrupt practices. It applies also to all third parties associated to or acting on behalf of Tarkett.

**Policy conflict with other rules:** If a local law differs from the rules contained in this policy, you should contact your Legal Department to clarify the matter. Otherwise, you should comply with the most stringent rule.

**Employment condition:** Every employee is required to read the content of this policy and carry out his/her work and responsibilities in accordance with its principles. Any breach of this Anti-Corruption Policy will result in disciplinary action up to termination of employment and possible legal action.

**Publicity:** Each Tarkett affiliate or subsidiary shall insure that its employees are aware of the Anti-Corruption Policy described in this document using the most appropriate tools. Tarkett must also ensure that its business partners are made fully aware of its policy.

**Training:** This Policy is part of a comprehensive Compliance Program dedicated to anti-corruption. It will be supplemented and illustrated by means of

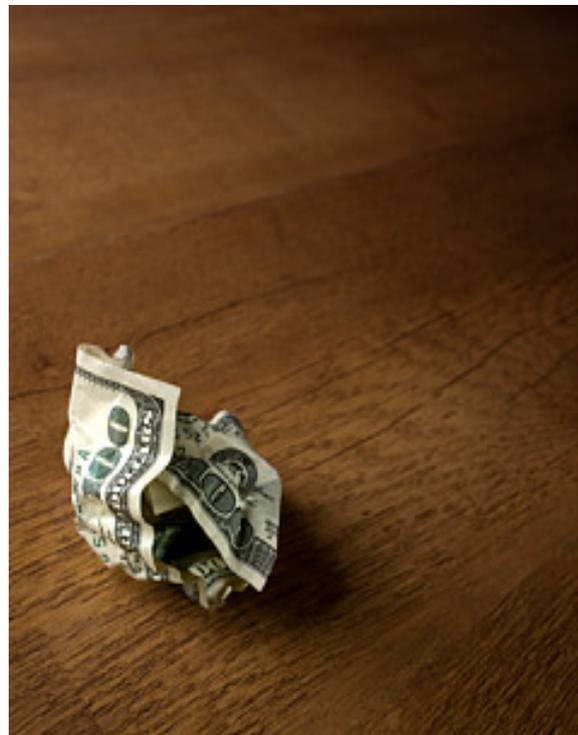
training delivered through in-person presentations and/ or e-learning sessions. Records of the training programs will be maintained in the Legal Department. This training program will enable participants to identify and manage the operational risk that corruption poses for Tarkett.

**Legal support:** It may not always be clear whether an act constitutes corruption, and this Anti-Corruption Policy cannot cover every issue that may arise. Any questions should be addressed to the Legal Department for further guidance.

**Update:** This document will be amended from time to time, when deemed necessary according to changes in legislation or in the Group.

**Verification:** Periodic compliance audits on execution and progress of the Anti-Corruption Program will be arranged in order to evaluate if the Tarkett Anti-Corruption Policy is properly applied. Corrective actions will be taken as necessary.

**Tarkett trusts that each employee will, by his or her own conduct, demonstrate the importance of the Group's fight against corruption.**



## WHY BE CONCERNED ABOUT ANTI-CORRUPTION?

**Corruption** is a widespread phenomenon of corporate and public life, having **many forms** and taking place in both developed and developing countries.

### **Effects of corruption**

Corruption has **serious economic effects**. Costing over **US\$1 trillion every year** to the global economy, corruption **distorts national and international trade**. Corrupt practices have also **anti-competitive effects**. It can lead to poor quality goods and also undermine the efficiency of public and private sectors giving people positions of responsibility for reasons of favoritism rather than for reasons of competence.

### **Legal Background**

The United States was the first country to formally criminalize corruption in the **Foreign Corrupt Practices Act** ("FCPA") of 1977. Since the end of the nineties there has been an increase of legal measures adopted by international bodies including among others the **Council of Europe, OECD or United Nations Conventions**.

In the last thirty years, the scope of activities covered by anti-corruption laws has been broadened. At first, these laws addressed only active corruption; later measures prohibited passive corruption as well. Subsequently, acts committed abroad, omissions (enlargement of the concept of fault), private corruption, and corruption practices through intermediaries (enlargement of the concept of responsibility) were added to the list of offenses.

In response to these initiatives, **many countries** have also confronted corruption through their criminal laws.

Some national laws have provided **extraterritorial applications**. Therefore, the slightest connection (bank account, intermediary, client, subsidiary on the national territory or even the sending of an email) will give authority to a given jurisdiction to apply its legislation. Tarkett is bound not only by the laws of the European Union, but also by the laws of different countries, notably by the **US FCPA and the UK Bribery Act**. The actions of any entity within the Tarkett Group may have an effect in these jurisdictions, thereby invoking application of these local laws.

In 2009, Tarkett integrated the **United Nations Global Compact program**. Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. The intent of this initiative is to encourage businesses worldwide to adopt sustainable and socially responsible policies and to report on their implementation. As a member of this program, Tarkett adheres to the **Global Compact tenth Principle, which provides that: "Businesses should work against corruption in all its forms, including extortion and bribery."**

Under these laws and initiatives, Tarkett is required to develop and maintain policies, procedures and internal controls that focus on prevention and early detection of corruption.



### Corruption risks

Today, businesses are under great pressure to have processes in place to deter, detect and prosecute corruption. Companies must proactively investigate potential corrupt practices. Authorities in many jurisdictions have the same means of investigations as are available for investigating organized crime such as terrorism (e.g. tapping, infiltration, etc...).

Enforcement of anti-corruption laws can be multi-jurisdictional. Corruption can be investigated, and prosecuted in more than one country for the same facts. An entity may be convicted of a crime in one jurisdiction even if it was previously convicted in another jurisdiction.

The potential consequences for both individuals and companies involved (directly or indirectly) in corrupt activities are very serious

**ANY QUESTION OR CONCERN?**

**CALL:**

 **your Legal department**

**OR**

 **your Management**

**OR**

 **Internal Control & Audit**



#### RISKS INCURRED BY THE TARKETT GROUP & BY THE EMPLOYEES

- **Fines:** e.g. following a settlement Siemens agreed to pay a 1.4 billion US\$ fine.
- **Damages:** both individuals and companies involved in corruption can face civil lawsuits brought by individuals or companies who can demonstrate the losses suffered as a result of the corrupt act.
- **Contractual risk:** breach of anti-corruption laws could be a legal reason for the termination of contracts. Also, in case of infringement, there is a risk that potential partners put an end to their relationship.
- **Disqualification from bidding:** in certain jurisdictions, a Company convicted under anti-corruption laws may be disqualified for a defined period, from public bidding.
- **Suspension or debarment:** Companies may also be prohibited from making sales to governments or organizations. Loss of such sales opportunities can have a great financial impact.
- **Risk of corporate reorganization or even closure of facility:** a Court may appoint an overseer to monitor the convicted company's activities. This overseer may seek fundamental changes to the company's business model.
- **Reputation risk:** is a risk related to the trustworthiness of business. Damage to a company's reputation can result in lost revenue or destruction of shareholder value.
- **Prison:** for instance up to 10 years in France or UK, life imprisonment in China.
- **Disciplinary sanctions:** a member of Tarkett personnel who contravenes anti-corruption rules will face discipline up to termination of employment and possible legal action.

Note that suspicions, allegations and investigations can have very serious consequences even if there is no conviction in the end. For instance, in Italy, a company suspected of corruption is prohibited, during the entire investigation, to participate in public tenders until the investigation is completed.

## 1. Concepts

### 1.1 Active and passive corruption

**Active corruption** (also called bribery) is committed by a person that makes offers, promises, or gives some undue advantage to another person as an inducement for that person or another to act dishonestly or illegally in relation to his public or business function.

By contrast, a person commits **passive corruption** by requesting, receiving or accepting the promise of an undue advantage to act in a certain way (i.e., to do something, to refrain from doing something, or to influence a decision). Passive corruption is therefore the abuse of entrusted power for personal gain.

#### To illustrate:

- A bidder may pay a bribe (**active corruption**) to the project owner's representative who will keep the money for himself (**passive corruption**) and award the contract to that bidder (e.g. installation of linoleum in a large public hospital).
- A customs broker (third party) (**active corruption**) has offered to customs officials (**passive corruption**) cases of wine and computers to induce them to provide the company preferential treatment during the customs clearance process.

### 1.2 Public and private corruption

**Public corruption** occurs when the abuse of position involves a public official at any levels of public organisations, while **private/commercial corruption** occurs when it is a private sector employee that abuses his position in a private company. It does not matter whether the corrupt activity occurs in the public or private sector.

The concept of who is a "public official" has been broadly interpreted. It may include family members such as parents or children of a public official; thus, for example, bribery of the son of a public official can constitute public corruption. It can also include "quasi-governmental" organizations and their employees – for example, a representative of a private company that is subsidized through public revenue may be classified as public official. In the same vein, an architect who has, in addition, a public function with the City's Office of Urban Housing, may be considered as a public official.

### 1.3 Direct and indirect corruptions

Corruption may be **direct or indirect**, that is to say corruption is possible through an intermediary. Both types of corruption are forbidden. "Indirect"

corruption will be addressed further in point 3 of this Policy.

### 1.4 Other concepts and notes

#### "Kickbacks"

It is irrelevant whether the act of bribery is committed before or after the illegal or dishonest action. "**Kickback**" is a particular type of bribe that occurs when a payment is made as a return for an unjustified favour or service rendered. It is obviously forbidden.

**To illustrate:** a supplier representative receiving some money because he reduces price of the deal.

#### Facilitation Payments

Some local laws, such as the United States FCPA, provide an exception for "facilitation payments". A facilitation payment is an advantage given with the purpose of expediting, securing or facilitating the performance of a routine non-discretionary action (e.g. issuing licenses). While facilitation payments may not be illegal in some jurisdictions, **the Tarkett Anti-Corruption Policy prohibits facilitation payments.**

#### Extortion

It is important to note that corruption becomes **extortion** when the demand is accompanied by the use of force, fear or excessive authority that endangers the personal integrity or the business interests. For example: special customs duties demanded as a condition to clear the goods. In that case, do not hesitate to contact your Legal Department.



## REMEMBER

The **attempt** to participate in any of these activities is sufficient to be prosecuted.

The bribe could be a cash payment, or a non-cash advantage (such as the promise of a future contract, lavish trip...).

It does not matter if the advantage is for the official or employee himself or for the official or employee's friends or family.

## 2. Corrupt practices

### 2.1 Illegal payments

Based on the preceding principles, payments in any form whether received or given, to public or private persons or entities, before or after the fact, in order to obtain business, are prohibited. In particular:

**DO NOT** make a payment, provide a gift or other service in order to obtain a contract or business;

**DO NOT** make payments without supporting documentation (contracts, invoices...);

**DO NOT** make payments, financial arrangements, cash payments, or payments with cashable checks to companies or individuals;

**DO NOT** make payments to a person of influence (e.g. charitable or political contribution) near the time of a contract or procurement decision related to this person of influence;

**DO NOT** make a payment or commission to an offshore or non-reputable bank account or to a name/person different from the one earning the payment/commission.

### 2.2 Gifts or entertainment

Gifts or entertainment are capable of distorting judgement and influencing a transaction. Indeed, gifts or entertainment may be given in appreciation of a favour previously done (kickback) or a favour to be carried out in the future. The offer of a gift or entertainment may create a sense of obligation on the recipient who is encouraged to alter his or her behaviour in some way or even an expectation that something will be given in return. Gifts include supply of Tarkett's goods and products. Gifts also include services, notably the use of a donor's equipment

or for instance flights, or airline upgrades. Entertainment includes meals, hotels, and receptions, tickets to social or sporting events. The examples given above are not exhaustive.



For this reason, Tarkett has stated, in its Code of Ethics, the core rule on gifts and entertainment:

*"It is forbidden to give any gratuity in cash, in kind, or other (in particular merchandise, services, entertainment or personal travel) to any representative of a customer, directly or indirectly, in order to obtain a contract or any other commercial or financial benefit, except when gifts are of reasonable value (less than 100€, or approved by a designee of a member of the executive management Committee."* Similarly, it is later provided that: *"Tarkett Group policy forbids the acceptance of any gifts or gratuity from suppliers in any form whatsoever (in particular, amounts of money, merchandise, services, entertainment or personal travel) except where the gift or gratuity is only of token value (100€ or less), or it is a multi-customer/supplier company event, which participation has been approved by a designee of a member of the Executive Management Committee."*

## RULES TO BE FOLLOWED

The boundary between acceptable and unacceptable gift or entertainment is very thin. You should exercise common sense when you confront this highly complex issue. A good way to assess the legitimacy of a gift or entertainment is to ask yourself these questions:

- Is the value of the gift or entertainment reasonable?
- Is the frequency of such gift or entertainment reasonable?
- Would you be embarrassed if the press were aware of the gift or entertainment?
- Is the gift or entertainment made with sufficient transparency?
- Is the gift or entertainment unfair or is there a justification for it?
- Does the recipient of the gift or entertainment have influence on a future contract?

Is there an intention behind this gift?

As a general matter, gifts and entertainment that have a value less than \$100 (or 100 Eur.) will be of reasonable value, assuming that circumstances are otherwise acceptable under these guidelines. Thus, gifts such as mementos, pens, calendars or small promotional items bearing Tarkett's trademarks should not be a problem.

As an illustration, to offer tickets and accompany the business partner to a football game is acceptable, but it will be harder to say that this is not an unfair advantage if we offer or accept tickets for the final of the Rugby World cup which includes a three day trip, flight, meals, expenses.... However, such an otherwise "lavish" offer may be acceptable if justified by a business purpose – for example, if the tickets are for a football match in a stadium where Tarkett has installed artificial turf and the Tarkett representative accompanies the client to explain and promote the product. In fact, the entertainment must be **socially appropriate to the business relationship** and **in accordance with general acceptable business practices and the law**.

Gifts and entertainments also must be **occasional**. For instance: if you offer a meal every week to a potential client, it could be considered as a bribe, even if the bill is low.

**NEVER** make or accept gifts in the form of cash or cash equivalent like vouchers;

**DO NOT** make or accept lavish gifts or entertainment.

**DO** obtain written approval from the appropriate designee of a member of the Executive Management Committee for any offer or acceptance of a gift or entertainment whose value exceeds the amount authorized in this policy;

**DO NOT** make or accept **repeated** gifts or entertainment;

**DO** refuse any gifts which would be difficult to justify to colleagues or the media;

**DO attend the event you offer**; if no Tarkett employee is present at the event, such entertainment is **NOT** allowed;

**DO attend or accept** an invitation **ONLY if the business partner** (e.g. supplier) having made such invitation is **present**.

Gifts and entertainment must be provided in an open and transparent manner.

**DO** provide the supervisor of the invited party with a formal written invitation that lays out the nature of the expenses and requires a written response.

All gifts and entertainment must be properly recorded and reported to management.

**DO** advise your manager of the gifts you offer or receive;

**DO NOT** make or accept gift or entertainment if the purpose is other than to foster better business relations;

**DO** refuse any gift, payment, entertainment or benefits when this may influence an imminent decision (form of manipulation).

### Finally:

If you have doubts regarding whether or not a gift or entertainment is acceptable,

**DO** contact immediately the Legal Department to discuss your concerns.

**DO** inform your partner/intermediary of the Tarkett rules regarding gifts and entertainment;

**DO NOT** use personal funds to do something that would be prohibited under this Policy.

Sometimes it is difficult to refuse a gift or an entertainment. Indeed, in certain countries gift giving is a cultural norm and the refusal could be considered as an offense. This Anti-Corruption Policy will make your refusal easier: Tarkett employees and

directors can decline offers by explaining that acceptance would be a violation of the Tarkett policy.

### 2.3 Charitable contributions and sponsorships

Charitable contributions and sponsorships could be used as a means of corrupting if a person who can influence the decision in a transaction has an interest in or a family association with the organisation receiving the donation or sponsorship. There is a risk that the person's judgement or influence is affected by the contribution or sponsorship.

- DO** verify the genuineness of the charitable organization, before and after the contribution;
- DO** require the recipient to issue a written receipt of the donation warranting that the donation will not benefit, directly or indirectly, to something else than the charitable purpose;
- DO** require that the organization report back on its performance to prove that the payment has been used for its object and has not been diverted;
- DO** prefer to contribute with material (for instance a quantity of flooring products) rather than with cash or cash equivalents.

It is very important to screen the recipient to determine that it is a legitimate charitable organization and that it is not linked to someone (government official or not) who has a possible power of decision or influence on Tarkett business project. In other words, you should ensure that the recipient is not in a position to act or take a decision in favour of Tarkett.

Timing should be taken into account: if a business project linked to a charitable organization is provided in short period of time after the donation, the donation will be more suspicious.

- DO NOT** make (or accept) a charitable contribution if there is a conflict of interest that could affect a transaction;
- DO NOT** make charitable contributions to organizations of a customer's or government official's choice;
- DO** ask the approval of the Management or of the Legal Department;
- DO** make any request for a donation or sponsorship in writing and describing sufficiently the charitable purpose of the donation, any business reason for the donation, and all details about the recipient.
- DO** immediately end a discussion if a competitor gives you sensitive information, and contact the Legal Department as soon as possible.

As it is the case for gifts and entertainment, Tarkett books and records must contain all the donations and sponsorships (given or received).

- DO** record any donation or sponsorship mentioning the nature and value of each donation.

Note that guidelines regarding the charitable contributions and sponsorship may exist locally; ask for them from your local Legal Department.

Donations or sponsorship levels are determined in the **delegations of authority**.



### 2.4 Financing of political parties

Political contribution is any direct or indirect contribution to support a political party or a candidate for, or a holder of a political office. The contribution can consist in money or in other advantages such as gifts or services, advertising or promotional activities.

- DO NOT** make political contributions by or on behalf of the Company

### 2.5 Lobbying

Lobbying is any activity carried out to influence a government or institution's policies and decisions in favor of a specific cause or outcome (which can be carried through trade association). The line between lobbying and corruption is sometimes tenuous. Indeed lobbying will become corruption if a lobbyist pays a sum of money or grants privileges to a government official in order to induce him/her to support legislation or other actions favorable to the client's business or industry. In that case, lobbying clearly crosses the line and become corruption.

Transparency and accountability are essential to avoid illegality in lobbying activities, as is the case with donations and sponsorships.

### 3. Use of intermediaries

Our Code of Ethics provides that: *“Agreements by and between Tarkett Group and its agents, representatives, and consultants, or any other service provider must clearly list the actual services to be performed, the basis for fees of the price, and all other terms and conditions. All payments must be determined and paid in relation to the actual services provided. Agents, representatives, and consultants must not be permitted to act on behalf of Tarkett Group unless explicitly authorized to do so in writing by duly empowered Tarkett Representative.”*



Indeed, corruption practices often involve third party intermediaries, i.e. any individual or entity acting on behalf of or under the control of Tarkett, such as agents or service providers (lawyers, consultants, accountants). Note that those intermediaries may present a higher risk of corruption because of how they are compensated, and their duties may be less clear. For example:

- Architects and specifiers who receive any form of remuneration for specifying Tarkett products in a bid process are in a corruption situation unless the remuneration is clearly disclosed and communicated as part of the bid process.
- Sometimes the intermediary acts without the collaboration of the Company who hired him. Instead, the intermediary decides that it is better to pay a small sum of money by tapping into his potential earnings, than lose the contract.

Other third parties might be considered intermediaries: distributors if this distributor, in addition to purchasing the Tarkett inventory, performs other services for/with Tarkett, subcontractors, or joint venture partners. For example:

- A city sports director requires our distributor to provide a sum of money if he wants to be chosen among the different companies to install artificial turf in a new football field. Tarkett agrees to sell the products to the distributor at a 10% discount, so it has enough extra margin to “take care” of the city sports director.

The critical criterion is if this third party is “acting on behalf of Tarkett”. When an intermediary:

- Acts on Tarkett’s behalf to obtain sales or contracts,
- Has the right to make deals or operate on behalf of Tarkett,
- Is paid in the form of a percentage or commission,

Then scrutiny is necessary to prevent corruption by this intermediary “on behalf” of Tarkett.

This section does not apply to the State or government itself or other companies of the Tarkett Group.

Tarkett is responsible for ensuring that the intermediary acts in compliance with this Policy that prohibits corrupt offers, promises and payments made through them to obtain business for Tarkett. Indeed, the **company will be held liable for the conduct of the intermediary** if it knew or **reasonably should have known** of the unlawful conduct. Turning a “blind eye” does not exonerate Tarkett from criminal liability. Thus, it is important to conduct due diligence on intermediaries in at-risk positions to verify that they are in compliance with this Policy and with anti-corruption laws generally. We cannot disregard facts and circumstances which indicate the probability that a corrupt payment or bribe may occur.

**“At Risk” intermediaries** are identified on a risk-based approach. Risk must be assessed by reviewing with Division Presidents and Legal Directors the criteria and red flags identified in Annex 1, including relevant countries, type of business and other factors. Specific intermediaries identified should systematically be subject to the controls mentioned in Annex II A and II B.

**Current “At Risk” intermediaries are:**

- All third parties usually known as “agents” representing Tarkett for the sale of goods. This includes agents soliciting, bids or contracts on behalf of Tarkett for which Tarkett will provide part of the goods or services (e.g. installation);
- Any joint venture partner.

## Due Diligence



The purpose of due diligence is to ensure, to the extent possible, that Tarkett retains only reputable and honest intermediaries. Below are various actions provided by due diligence procedure to prevent the risks posed by "At Risk" intermediaries.

- **Each intermediary must be truly necessary for a given transaction.**
- **Each hiring of a business partner must have a business rationale.**

**The need to hire an intermediary must be approved by the Division President, who will also approve the intermediary's compensation plan. Please refer to your division guidelines for specific approval procedures.**

A written report of due diligence results must document the expertise and resources that the proposed "At Risk" intermediary brings to Tarkett, and also indicate why this intermediary is the most qualified person or company. In other words, you have to establish the relevance, and the value added by the intermediary's services.

Before entering into a business relationship with an "At Risk" intermediary, **DO** conduct a due diligence under the appropriate **due diligence procedure, based on the assessment of risk.**

On a risk based approach, the required level of due diligence will vary according to the level of risk posed by the intermediary. You may choose to use this due diligence procedure with intermediaries other than those identified as "At Risk" intermediaries. The aim of this due diligence procedure is mainly to evaluate the background (e.g. whether the intermediary has been previously investigated for or convicted of bribery) and the reputation of the third

party intermediary. Refer to Annex II A and II B for questionnaires.

This information will help to determine if there are potential conflicts of interest and inconsistencies that would render the intermediary unsuitable to represent Tarkett's interests. You must also verify whether or not the intermediary company is committed to respect anti-corruption laws through stringent review of code of conduct and compliance policies in effect in the intermediary's organization.

In addition to the information requested directly from the intermediary, Tarkett can legally obtain information using certain government or private databases or by media searches. These various techniques to obtain information about the "At Risk" intermediary vary in expense, and should be chosen based on the level of risk (if an intermediary poses a big risk, it is worth spending the time and money to conduct due diligence investigations with the help of the Legal Department).

### The Contract

Every written contract concluded with intermediaries should contain a statement in which the intermediary certifies that it will comply with all applicable anti-corruption laws and regulations.

Every "At Risk" intermediary should have a written contract which should contain a statement in which the intermediary certifies that it will comply with all applicable anti-corruption laws and regulations. Compliance with these documents must in addition be certified annually by the "At Risk" intermediary (See Annex V for certification form).

Those contracts should provide for nullification of the contract in case of violations of anti-corruption rules, as is required by Global Compact. The contract must also reserve the right to monitor the "At Risk" intermediary's compliance through audit and reporting.

The contract should contain a clause in which the "At Risk" intermediary certifies the absence of relationship with public officials. Please refer to Annexes III and IV for Global compact and other anti-corruption contractual clauses.

### Compensation

Compensation is the most sensitive point of the relationship with an intermediary. No payments (such as retainer or success fees) should be made to intermediaries except the compensation fixed for specific identified tasks, and in strict accordance with terms of the agreement.

Tarkett must know exactly what the intermediary has done for the company (meetings, travels, etc.). A clause providing that the intermediary will not be paid if it does not make a detailed report on its activities, may be a good way to convince intermediaries to cooperate.

**DO** document the justification for selecting an intermediary (e.g. use of a national agent required by the country);

**DO** document the justification for selecting that particular intermediary (e.g. precise technical expertise);

**DO** ensure that remuneration is commercially reasonable and commensurate with the services to be performed and the tasks undertaken by the intermediary;

**DO** require that the intermediary prepare regular reports on its activities;

**DO keep all documents** specific to the activity of the intermediary throughout the business relationship.

#### In case of “At Risk” intermediaries:

**DO** obtain:

- The company's contact information (full name, address, email, telephone);
  - Information regarding the ownership structure (to ensure that the officer or main shareholder is not a government official);
  - Information about the organizational structure of the company;
  - A brief history of the company;
- Information about key employees that will act on behalf of the company;

**DO** formalize the relationship with a **written contract including a statement** in which the intermediary certifies to comply with all applicable anti-corruption laws and regulations and with the Tarkett Anti-corruption Policy;

**DO monitor the activity of the intermediary** (in order to identify potential red flags) throughout the contract, to verify that the officer does not commit any act of corruption.

Note that all the above is summarized in the Code of Ethics.

## 4. Record-Keeping

This topic is also covered in the Code of Ethics.

Transparency is crucial. When the authorities cannot convict for specific acts of corruption (in reason of a lack of evidence), the authorities can prosecute for violation of the record-keeping requirements under applicable laws. Indeed, corruption often goes hand in hand with inaccurate record-keeping.

If an act of corruption (e.g. bribery payment) is entered into the Tarkett books as a payment to an intermediary, such false entry may itself be an illegal act.

Tarkett is required to accurately and timely record information regarding all payments the company (all business units and intermediaries) makes or receives in reasonable detail, including the amount of the payment, the recipient, and the purpose. All necessary approvals of the Legal Department or Division President for the transaction must also be documented.



**Any Tarkett employee who creates a false or misleading entry, or fails to disclose payments or assets will be subject to immediate disciplinary action.**

**DO** maintain detailed and accurate books and records;

**DO NOT** make improper payments by “off book” arrangements or falsification of books and record.

**DO NOT** use expense report to cover such payments.



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**ANY QUESTION OR CONCERN, PLEASE CALL:**

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## ANNEX 1

### RED FLAGS

Here is a non exhaustive list of red flags that should draw the employees' attention. The occurrence of these warning signs doesn't necessarily mean that corruption is actually happening, but in the presence of several red flags, the Tarkett employee should be careful and analyse if there is a legitimate business explanation and evaluate the risk level and act accordingly. Some Red Flags are prohibited situations and are identified as such.

**In presence of several red flags, DO report the suspicion promptly to the Managers, Audit or Legal Department.**

An employee that fails to report the suspicious activity or circumstances to his/her Manager, the Audit or to the Legal Department for a further inquiry could be held responsible for wilful blindness.

#### Red flags regarding the geography:

- business conducted in a country known to have corruption problems, with little banking transparency ("offshore Countries");
- payment or commission made or requested to be made to an "offshore" (tax haven) country different from where the intermediary resides or conducts business or where the services are rendered [**PROHIBITED**];
- Some organizations, such as Transparency International, have reports with ranking of countries by level of corruption.

#### Red flags regarding the project:

- selection of projects through unclear or subjective criteria: e.g. bidding on an unprofitable project, where Tarkett usually would not bid due to unfavorable pricing;
- selection of projects in sectors reputed to be highly corrupt;
- projects involving intermediaries: as explained above, the presence of intermediaries substantially increases the risk of corruption.

#### Red flags regarding M&A:

- joint ventures/consortium: one partner could achieve corrupt practices (note that the risk is even higher if a country does not belong to a country with anti-corruption regulations);
- Mergers and Acquisitions present a risky situation because Tarkett may inherit criminal liability for prior corrupt activities of an acquired or merged company.

#### Red flags regarding a transaction:

- untraceable payment patterns or financial arrangements, in cash payments, or payments with cashable checks to companies or individuals [**PROHIBITED**];
- unjustified budget lines "miscellaneous expenses" without further explanation [**PROHIBITED**];
- systematic or material inventory discrepancies;
- sales below costs;
- products donations;
- significant deviations from planned expenditure target of a project;
- payment to a person of influence (e.g. charitable or political contribution) near the time of a contract or procurement decision related to this person of influence [**PROHIBITED**];

- payment or commission made or requested to be made to an offshore or non-reputable bank account or to a name different from the one earning the commission [**PROHIBITED**];
- request for excessive third party payment/commission (i.e. above market rates), or disproportionate to the value of the service provided [**PROHIBITED**];
- requests for credit or payment in advance by intermediary.

**Red flags regarding documentation:**

- inaccurate or untimely record-keeping that prevents an audit trail;
- over-invoicing or invoices that do not accurately reflect the services for which payment is being sought (e.g. invoice including non-descript fees) [**PROHIBITED**];
- invoices which appear to be retouched or tampered or non standard (e.g. back-date invoices, duplicates on plain paper not letterhead), questionable handwriting on documents;
- third party invoices without Purchase Order or evidence of service provided or product delivered;
- multiple invoices for the same work or invoices not contemplated in the contract;
- lack of formal contract with "At Risk" intermediaries [**PROHIBITED**].

**Red flags regarding intermediaries:**

- unnecessary intermediaries or multiple intermediaries performing similar functions with vague descriptions of services being provided;
- use of inexperienced intermediary or intermediary which does not appear to possess capacity to undertake the required duties;
- use of an intermediary which appears to have a conflict of interest or having a family or other relationship that could improperly influence a business decision;
- use of an intermediary strongly recommended, imposed by or related to an official or an influential business partner;
- use of an intermediary which has been accused of engaging in improper business practices if the intermediary has been found guilty of corruption [**PROHIBITED**];
- intermediary who requests secrecy or refuses to disclose information such as owners or partners;
- intermediary without anti-corruption policy or procedures or
- intermediary who refuses to sign written contract [**PROHIBITED**].

**Other**

- Excessive or unusual change in lifestyle or behaviour of any employee.

## ANNEX IIA THIRD PARTY DUE DILIGENCE QUESTIONNAIRE

For "At Risk" intermediaries or pursuant to the risk or the qualification of red flag incurred by an intermediary, Tarkett will necessarily conduct an investigation based on due the diligence questionnaire below:

*Note that the Third-party = Tarkett intermediary  
Intermediaries= Third party intermediary.*

**This questionnaire must be filled by the Third Party directly**

### **Third-Party information**

*Company Name:  
Street Address (P.O. Box not sufficient):  
Mailing Address:  
Telephone Number:  
Fax Number:  
Internet Address:*

*Name of Third-Party Representative:  
Phone Number of Third-Party Representative:*

*Legal Status (Partnership, Corporation, etc.):*

*Date and Place of Establishment:*

*Ownership:  
Is the Company privately held? Yes \_\_\_ No \_\_\_  
If privately held, please indicate the name, nationality and percent ownership of the ultimate parent Company:*

*Management and Responsible Individuals:  
1. Chairman/President:  
2. Manager of Company's Account:*

### **Compliance**

*Does the Company provide an anti-corruption policy to its employees?  
Yes \_\_\_ No \_\_\_  
If "Yes," please attach a copy of the policies and/or training programs.*

### **Financial statement**

*Please attach your financial statements for the past three years (audited, if available), including balance sheets and profit and loss statements.*

*Indicate primary banking relationships and other relevant sources of financial support (name, address, contact name, tel. number).*

**Intermediaries**

Do you use any Intermediaries (agents, sponsors, consultants, representatives and joint venture partners) to provide services or interact with government entities? Yes \_\_\_ No \_\_\_

*If "Yes," please list names, addresses and phone numbers of Intermediaries and a description of what services they provide:*

*Has the Company performed a due diligence on these Intermediaries? Yes \_\_\_ No \_\_\_*

*If "Yes," please attach the file.*

*Has the Company provided Intermediaries with anti-bribery policies and training? Yes \_\_\_ No \_\_\_*

**Criminal Proceedings**

*Have you, any of your Affiliates or representatives, or any owner, officer, director or employee of your organization:*

*- been the subject of a criminal investigation, indictment, or a similar proceeding? Yes \_\_\_ No \_\_\_*

*- been convicted in any criminal matter? Yes \_\_\_ No \_\_\_*

**Relations with public officials**

*Do you, any of your Affiliates or representatives, or any owner, officer, director or employee of your organization:*

*- hold any position with any government, any agency of any government, any enterprise in which a government owns an interest, or any political party?*

*Yes \_\_\_ No \_\_\_*

*If "yes," list names, titles and governmental positions and nature of relationship:*

*- has any personal (e.g. familial) or professional affiliation with any government officials, political party officials or candidates for political office which may relate to business?*

*Yes \_\_\_ No \_\_\_*

*If "yes," list names, titles and governmental positions and nature of relationship:*

*- is or recently has been a candidate for political office?*

*Yes \_\_\_ No \_\_\_*

*If "yes," list names, titles and governmental positions and nature of relationship:*

*Date:*

*Name:*

*Position:*

*Signature*

**ANNEX IIB  
TARKETT DUE DILIGENCE QUESTIONNAIRE**

***This questionnaire must be filled by Tarkett***

***Verification of the Third-Party Information***

*Do public records confirm representations made by Third-Party Representative concerning its business (location, size, owners, etc.) in the Third-Party Due Diligence Form?*

Yes \_\_\_ No \_\_\_

*If "no", please explain:*

*Do Tarkett searches confirm representations made by Third-Party Representative concerning its business (location, size, owners, etc.) in the Third-Party Due Diligence Form?*

Yes \_\_\_ No \_\_\_

*If "no", please explain:*

***In order to verify the information requested in Annex IIA, Tarkett can:***

***- Request and speak with commercial and banking references provided by the Third-Party Representative and with any other commercial source as you think appropriate;***

***- Search in appropriate databases: Google, relevant websites, newspapers, periodicals, court filings and enforcement actions.***

***- If reasonable under the circumstances, request and attach a standard Investigation Report from an outside investigation service that provides information on the Third-Party available from public records.***

***Justification to hire the Third-Party***

*Why is it potentially advantageous to the Company to enter into an agreement with the Third-Party Representative rather than use other possible third parties or its own network in the territory?*

*Why does the Company need the Third-Party Representative's services?*

*Describe the Third-Party Representative's relevant experience as well as the source(s) of this information:*

*Describe Third-Party Representative's duties:*

*How did the Third-Party Representative first come to the Company's attention?*

*If a Company Employee(s) initially suggested the engagement of the Third-Party Representative, please indicate his/her name:*

***Draft agreement***

*Attach a copy of the draft agreement.*

*Will Third-Party Representative receive compensation for the services described in the attached agreement that is higher than the normal rate for such services?*

Yes \_\_\_ No \_\_\_

*If Yes, what justifies the extra compensation?*

*Will any part of Third-Party Representative's compensation be contingent upon the occurrence of any future event (for example, a consultant's fee linked to successfully obtaining a government permit)?*

Yes \_\_\_ No \_\_\_

*If Yes, provide the amount of the contingent compensation, describe the contingency, and explain the reason why compensation has been structured in this manner.*

*Will there be unusual provisions in the agreement with Third-Party Representative?*

*e.g. the contract provides for the payment of additional sums to the Third Party if it is necessary in order to "make necessary arrangements".*

Yes \_\_\_ No \_\_\_

*If Yes, describe those unusual provisions and explain their justification.*

***Red flags regarding third-party***

*Please indicate if some of the third party red flags listed in the Tarkett Anti-corruption Policy Annex are present:*

*Date:*

*Name:*

*Position:*

*Signature:*

## ANNEX III

### GLOBAL COMPACT CLAUSE

According to the Global Compact which Tarkett is a member, every contract with intermediaries must contain the following clauses:

*Dedicated to sustainability and responsible commercial practices, Tarkett has joined the United Nation Global Compact. Tarkett requires \_\_\_\_\_ to maintain a corporate policy that will respect the commitments of the United Nation Global Compact by applying in their company and to their own suppliers the ten principles of the Global Compact listed below, which \_\_\_\_\_ undertakes to abide by:*

*Human Rights:*

- 1) Businesses should support and respect the protection of internationally proclaimed human rights; and*
- 2) Make sure that they are not complicit in human rights abuses.*

*Labour standards:*

- 3) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*
- 4) The elimination of all forms of forced and compulsory labour;*
- 5) The effective abolition of child labour; and*
- 6) The elimination of discrimination in respect of employment and occupation.*

*Environment:*

- 7) Businesses should support a precautionary approach to environmental challenges;*
- 8) Undertake initiatives to promote greater environmental responsibility; and*
- 9) Encourage the development and diffusion of environmentally friendly technologies.*

*Anti-corruption:*

- 10) Businesses should work against corruption in all its forms, including extortion and bribery.*

## ANNEX IV

### ANTI-CORRUPTION CONTRACTUAL PROVISIONS

In accordance with the risk incurred, every contract with intermediaries must contain the anti-corruption clauses either of Section A or of Section B:

#### **Section A: long form**

##### **Compliance with anti-corruption documents**

The Intermediary is aware of Tarkett obligation to comply with the anti-corruption laws. The Intermediary also agrees to comply fully with applicable anti-corruption laws, including those in the jurisdiction where Tarkett's companies are registered or the jurisdiction where the relevant contract will be performed if different.

The compliance with these provisions will have to be certified annually according to the Intermediary annual certification stated in the Annex IV below.

##### **Anti-Corruption commitment**

The intermediary will not use money or other consideration paid by Tarkett for unlawful purposes.

In carrying out its responsibilities under the contract, the Intermediary and its owners, officers, directors, employees, or agents have not and will not pay, offer, promise to pay or authorize the payment directly or indirectly, of any money, gift or anything of value to another person as an inducement for that person or another to act dishonestly or illegally in relation to his public or business function.

##### **Breach of the Contract**

The intermediary represents and warrants to Tarkett that:

In the event Tarkett has reason to believe that a breach of any of the representations and warranties in this article has occurred, Tarkett may suspend this contract and further payments until it has received confirmation that no breach has occurred.

Tarkett shall not be liable to the Intermediary for any claims, losses, costs, or damages related to its decision to withhold payments under this provision.

If Tarkett realizes that such a breach has occurred, Tarkett may terminate this contract immediately upon written notice. The contract shall be void ab initio. All commission, payments or fees previously paid to the intermediary shall be promptly refunded to Tarkett.

The intermediary shall indemnify and hold Tarkett harmless for all losses, costs, claims, or damages arising from or relating to breach of this representations, warranties and/or termination of this contract.

#### **Section B: short form**

The Intermediary certifies to be aware of Tarkett anti-corruption policy, and to comply with all applicable anti-corruption laws and regulations. The compliance with these documents must be certified annually by the intermediary according to the Annual Third Party certification stated in the Annex IV below.

Tarkett reserves the right to control the intermediary through audit and reporting.

The intermediary certifies the absence of relationship with public officials.

In case of violations of anti-corruption rules, the contract concerned can be suspended or terminated with no liability possible of Tarkett.

## ANNEX V

### INTERMEDIARY ANNUAL CERTIFICATION

The information provided by intermediaries for Due Diligence questionnaire as stated in Annex II and for anti-corruption contractual provisions as stated in Annex III must be certified by filling the intermediary annual certification document below:

1. Name of the Intermediary Representative: \_\_\_\_\_

2. I confirm that I am suitably qualified and authorized by the Intermediary to give the certifications contained in this document.

Yes \_\_\_ No \_\_\_

3. I certify that I have received the Tarkett Anti-corruption Policy, and that I have read and understood this document.

Yes \_\_\_ No \_\_\_

4. I further certify that I have been and I am in full compliance with:

- the Tarkett Anti-corruption Policy

Yes \_\_\_ No \_\_\_

- the Tarkett contractual provisions signed on ../ ../ ....

Yes \_\_\_ No \_\_\_

- the applicable anti-corruption laws

Yes \_\_\_ No \_\_\_

5. In performing work under any contract with Tarkett, I certify that neither the Company, nor any owner, officer, director, employee, agent will pay, offer, promise to pay or authorize the payment directly or indirectly, of any money, gift or anything of value to another person as an inducement for that person or another to act dishonestly or illegally in relation to his public or business function.

Yes \_\_\_ No \_\_\_

6. I further certify that no payment, authorization, promise, or gift of the sort described in the paragraph above has been made prior to this date.

Yes \_\_\_ No \_\_\_

7. I certify that neither the Company, nor any owner, officer, director, employee, agent will take any action that would constitute a violation, or implicate Tarkett in a violation, of any law of any jurisdiction in which it performs business, including without limitation, the OECD Convention, the FCPA, or the UK Bribery Act.

Yes \_\_\_ No \_\_\_

Date:

Name:

Position:

Signature: